



Ancillary Document Review Supplement
(This form must be filled out electronically.)

This form is to be used when reviewing interpretive and/or policy statement(s) in conjunction with the review of a rule.

Interpretive and/or policy statements are issued by the Department of Revenue under authority of RCW 34.05.230. These statements explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. These statements include documents such as Excise Tax Advisories (ETAs), Property Tax Advisories and Bulletins (PTAs/PTBs), and Interim Audit Guidelines (IAGs).

All responses should be in **bold** format.

Interpretive or policy statement(s) being reviewed (provide number and title): **2010.04.08.183**

Date issued: **October 1, 2002**

Reviewer: **Sue Goldstein**

Date reviewed: **May 4, 2004**

This review is in conjunction with the review of the following rule(s) (provide WAC number(s) and title(s)): **458-20-183 (Amusement, recreation, and physical fitness services.)**

Briefly explain the subject matter of the document(s): **This document discusses the tax treatment of income attributable to and deductible as bona fide initiation fees or dues received by health and physical fitness clubs. Before allocating between taxable and deductible income, a health and fitness club must show that such fees or dues are received solely for the social benefits associated with the privilege of membership and not for services rendered.**

Type an "X" in the column that most correctly answers the question, and provide clear, concise, and complete explanations where needed.

| YES | NO | |
|----------|----------|---|
| X | | Is the document written and organized in a clear and concise manner? |
| X | | Are citations to other rules, laws, or other authority accurate? (If no, identify the incorrect citation below and provide the correct citation.) |
| | X | Does the document provide information not currently in a rule, other interpretive or policy statement, or WTD? |
| X | | Is the document providing the result(s) that it was originally designed to achieve? |

If the answer is "no" to any of the questions above, provide a brief explanation for that response.



While Rule 183 addresses the issue of allocation of taxable and deductible income, the rule does not make clear the requirement that the club (taxpayer) must first show that a portion of the income it receives from dues and/or initiation fees is solely for the social benefits associated with club membership and not for services rendered and then the club may make the allocation of income between taxable and deductible.

Review Recommendation:

- _____ **Amend**
- _____ **Cancel** (Appropriate when action is not conditioned upon another rule-making action or issuance of an interpretive or policy statement.)
- X** **Leave as is** (Appropriate even if the recommendation is to incorporate the current information into another rule.)

Briefly explain your recommendation: **This information in this ETA should be incorporated into Rule 183 when Rule 183 is next amended.**

Manager action: Date: **July 2, 2004**

 AL Reviewed and accepted recommendation